

# STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

## DRAFT MINUTES

### MUNICIPAL FINANCE ADVISORY COMMISSION

#### REGULAR MEETING

WEDNESDAY, MAY 27, 2020

Meeting Location: Telephonic Meeting

Date/Time: May 27, 2020, 10:00 A.M.

Members Present: Chair, Ms. Kathleen Clarke Buch  
Mr. Douglas Gillette  
Ms. Kimberly Kennison  
Mr. Michael LeBlanc  
Mr. John Schuyler  
Ms. Rebecca A. Sielman (in attendance until 11:00 a.m.)  
Ms. Diane Waldron

Members Absent: None

Others Present: Julian Freund, OPM Staff  
Jean Gula, OPM Staff  
William Plummer, OPM Staff  
Morgan Rice, OPM Staff  
Richard Ives, First Selectman, Town of Brooklyn  
Stephanie Levin, Finance Director, Town of Brooklyn  
Tiffany Pignatro, Finance Director, Town of Ellington  
Ann Marie Rheault, Finance Director, Town of Plymouth  
Sean O'Grady, Auditor, King, King & Associates

#### 1. Introduction/Call to order

The meeting was called to order at 10:03 a.m. by Commission Chair Buch.

#### 2. Approval of the Minutes to the January 22, 2020 Meeting

The minutes of the January 22, 2020 meeting were unanimously approved, with abstentions from Commissioners Buch, Sielman, and Waldron.

**3. Town of Brooklyn – Results of the June 30, 2019 Audit Report including restatements and reclassifications / Update on Corrective Action Plan to address audit findings from the June 30, 2019 audit / Other fiscal related matters**

First Selectman Ives and Finance Director Stephanie Levin introduced themselves. Ms. Levin provided an update on the steps that have been taken to date to correct the audit findings from the June 30, 2019 audit report. She indicated that the goal of the Town is to submit the June 30, 2020 audit report by the December 31, 2020 due date. Several questions were posed to the Town regarding whether the Town is able to produce monthly financial reports, information on the budget for FY 2020-21, and the effects that COVID-19 is having on the finances of the Town and the services provided by the Town. First Selectman Ives indicated that the Town levies taxes on a quarterly basis and there has been no noticeable impact from COVID-19 on tax collections to date.

Commission Chair Buch asked the town's auditor, Sean O'Grady of King, King, & Associates, to address the restatements indicated in the June 30, 2019 audit report. Mr. O'Grady provided information on the restatements. Commissioner LeBlanc noted that the July 1, 2018 fund balance restatement for the General Fund resulted in a significant reduction to fund balance of close to \$1.0 million, fortunately for the Town the 2018-19 surplus of approximately \$450,000 helped to restore a portion of the reduction in fund balance due to the restatement. A number of additional questions regarding the restatements were posed by Commissioners. Commissioners requested that additional details to delineate the specific reasons for the fund balance restatement and the restatement amounts should be provided to the Commission by the Town's auditor. Mr. O'Grady agreed to provide the written information.

Several additional questions were posed to the Town regarding its corrective action plan to address the audit findings from the June 30, 2019 audit. The Town indicated that it was working on implementing several elements of its intended corrective actions. Commissioners indicated that it would be seeking further updates on the corrective action plan for the July 29<sup>th</sup> Commission meeting.

Commissioners indicated their appreciation for the Town's presentation at today's meeting.

**4. Town of Ellington – Status of Outstanding June 30, 2019 Audit Report / Update on Corrective Action on Audit Findings from the June 30, 2018 Audit / Other fiscal related matters**

Commissioner Gillette stated for the record that his firm serves as Bond Counsel to the Town of Ellington.

Ms. Tiffany Pignataro, the new finance director of Ellington, updated the Commission on the status of the June 30, 2019 audit submission. She indicated that draft financial statements are expected by the second week of June and the audit report is expected to be issued by the 3<sup>rd</sup> week in June. A new audit firm has been retained for the June 30, 2020 audit and the Town expects to issue the report by the December 31, 2020 due date.

Commissioner Buch inquired with the Town on the status of the audit report findings included in the June 30, 2018 audit report. Ms. Pignataro provided an update on the two audit findings from the 2018 report. Ms. Pignataro also updated the Commission on the Town's intent to change its current accounting system due to deficiencies in the current system that is being used on the Town side.

Commissioner Kennison requested an update on the effects of COVID-19 on the Town's operations and finances. Ms. Pignataro provided a brief update.

## **5. Town of Plymouth - Discussion**

Commissioner Sielman stated for the record that her firm provides actuarial services for the Town of Plymouth.

Ms. Ann Marie Rheault, Finance Director of the Town of Plymouth introduced herself to Commissioners and provided an update on the Town's finances, including how COVID-19 has affected the Town's operations and finances. The Town's 2020-21 budget was recently adopted without a mill rate increase as the Town was attempting to alleviate any further burdens on town residents due to COVID-19 impacts. Ms. Rheault indicated that a significant amount of the Town's tax collections are derived from escrow payments and the Town does not believe there will be any significant effect to the July collections due to COVID-19. The Town's tax collector is somewhat more concerned regarding the January 2021 collections.

Commission Chair Buch indicated that the Town was definitely on the right track in terms of its finances and improved internal controls. She would want to view the results of the June 30, 2020 audit to fully evaluate the Town's continuation on its improved fiscal and operational activities. Commissioner Gillette inquired on the Town's staffing in its finance office and whether the appropriate amounts have been budgeted to address any staffing needs as this was an area of concern in earlier years. Ms. Rheault indicated it was her belief that the FY 2020-21 budget does reflect the staffing needed in her office. Commissioner Waldron congratulated Ms. Rheault on the improvements made by the Town over the past several years. Commissioners indicated their appreciation with the Town's presentation at today's meeting.

## **6. Outstanding June 30, 2019 municipal audit reports**

Mr. Plummer referred Commissioners to the June 30, 2019 outstanding municipal audit reports document that was earlier provided to Commissioners for today's meeting. He indicated that to the best of his knowledge the delays in the submission of the audit reports were not a result of COVID-19 impacts and that many of the municipalities on the list have been ones that have submitted late audit reports in the past.

## **7. Tiers Status Report**

Commissioner Kennison provided an update on the April 2020 Tiers Report including a description of the identifiers used in the report and the municipalities that were eligible for tier designation. She indicated that her office met with or offered to meet

with certain municipalities that were new to the tiers eligibility list before finalizing the report. Feedback from municipalities that she and her staff met with were valuable and some of their concerns were addressed in the final version of the report.

## **8. Financial Reporting and Fiscal Health Monitoring System Project**

Commissioner Kennison indicated that she, Julian Freund and Bill Plummer made a presentation at the CTCPA conference held in May. She referenced the PowerPoint presentation that was provided to the Commission earlier and that was used in the May presentation at the CTCPA conference.

Bill Plummer provided a description of the current process in use to collect and produce municipal fiscal indicators and other reports and the new process under development which would result in a more automated process and allow OPM staff additional time for data analysis. OPM staff would continue to conduct a limited amount of quality control review of each municipality's data submission.

Commissioner Kennison indicated that OPM is also seeking to use the same system that will be used by municipalities to submit their financial audit report information to OPM to also collect the information OPM seeks from municipalities to comply with their uniform chart of accounts reporting. She went on to provide further information on the integrated approach that OPM is developing regarding data collection, data reporting and data analysis which will support the work of the Municipal Finance Advisory Commission, the Municipal Accountability Review Board, OPM and other state and municipal stakeholders. The enhanced data to be presented will continue to be useful to municipal taxpayers interested in the finances of their local governments.

## **9. Other Business**

No other business.

## **10. Adjourned.**

The meeting was adjourned at 11:13 a.m.

Respectfully submitted,

Douglas W. Gillette  
Commission Secretary